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Public Service Commission

June 6, 2008

John T. Burnett
Progress Energy Service Company, LLC
P. O. Box 14042
100 Central Avenue
St. Petersburg, FL 33733-4042

Re: Docket No. 080001-EI - In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

VIA ELECTRONIC MAIL

Dear Mr. Burnett:

In regard to Progress Energy's (PEF's) 2008 Mid Course Correction Petition, Commission staff requests the following information.

1. Refer to the second paragraph under Section 10 of PEF's May 30, 2008, petition for mid-course correction:

   a.) Break the increase in delivered coal in the petition out for the $37 million in transportation costs, unexpected supply disruptions, and each additional cause, with specificity.

   b.) Explain the various worldwide coal supply disruptions.

   c.) What are PEF's volume of coal supply defaults by month (actual and projected) for the year 2008 broken down by coal supplier?

   d.) Is the $37 million entirely due to carriers passing through the increased cost of diesel fuel per their contracts with PEF?

   e.) In responding to this question, refer to the diesel fuel part of the coal transportation part of the delivered price of coal for 2008. Please provide the source indexes from the coal supply contracts that demonstrate that diesel fuel prices have increased what was forecasted in the original E schedules.

2. Comparing the mid-course filing E-3 to the original 2008 E-3, why has the heat rate for gas increased? Why has the heat rate for heavy oil increased?

3. Refer to the third paragraph of section 10 of the petition:

   a.) Does the petition reflect substitution of gas-fired generation for oil-fired generation?

   b.) If so, what was the amount of oil-fired generation substituted by gas-fired generation?

   c.) Was any amount of oil-fired generation replaced by purchased power? If so, what amount?

4. Of total purchased power megawatts, what percentage is subject to "tolling" arrangements where PEF is responsible for gas costs? What percent of this gas is hedged?

5. Provide revised Schedule E-1 to reflect the requested mid-course correction.

6. Provide a pro-forma Schedule E-1b that reflects the mid-course correction based on the proposed levelized fuel cost recovery factor.

7. For the data appearing in the page included in the petition for mid-course correction with the top table titled "Projected Market Price By Fuel Type (2008 Midcourse)," provide the sources of the data and the dates of publication of such data for both of the 2008 midcourse correction and the 2008 original projection tables. If any prices as shown are delivered prices, show the underlying commodity and transportation components separately, sources, and dates.

8. Provide PEF's projected monthly delivered fuel prices for each fuel type and purchased power (purchases and sales) for 2009 to the extent such information is currently available.

9. What are the sources of major known increases and decreases to 2009 customer fuel and non-fuel rates for PEF relative to the mid-course correction Schedule E-10? To the extent possible, estimate the relative impact of each source on a typical residential bill.

10. Given the overall underrecovery, quantify the amounts of under-recovery or over-recovery that is associated with each fuel type, power sales, purchase power (by type), etc., based upon both actual and projected costs and revenues. This assessment should reconcile to the total under-recovery included in the petition. Please show detail by month and totals. Show calculations.

11. It appears from the filing that PEF will have an over-recovery in power sales for 2008. What is causing the over-recovery in power sales?

12. Please refer to Section 10 of the Petition which appears to indicate that PEF has hedged 70 percent of its gas and oil needs in 2008:

a.) Does PEF's current fuel factor include mark-to-market positions for gas and oil for each month in 2008? Explain.

b.) As reflected in PEF's current fuel factor, what percent and volume of gas and oil volumes are hedged, both monthly and for the year?

13. Refer to the slide presentation titled "Update on Global Energy Markets and Impacts to US Fuels", page 24, provided at the June 3, 2008 fuel docket meeting at the FPSC:

a.) Specify what is included in "cumulative results" (i.e. gains and losses, transaction costs, incremental hedging O&M costs,etc)

b.) Provide the monthly actual and estimated (mark to market) commodity price protection results by month for residual oil and natural gas for 2008.

c.) Provide the natural gas and residual oil volumes hedged by month.

d.) Specify the amount of PEF's 2008 under-recovery (inclusive of the 2007 final true-up under-recovery) which would be expected at this time based on the scenario of PEF having no natural gas or residual fuel oil hedge transactions for any month in 2008.

14. Identify the current balance in PEF's storm reserve.

If you have any questions, please do not hesitate to contact me at (850) 413-6230, Pete Lester at (850) 413-6467 or Bill McNulty at (850) 413-6443.

Sincerely,

Lisa C. Bennett

Lisa C. Bennett
Senior Attorney

LCB/tfw

cc: All Parties of Record in Docket No. 080001-EI
Division of Economic Regulation (Lester, McNulty)
Office of Commission Clerk